

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA IMMEDIATE

INFO AMEMBASSY WELLINGTON

C O N F I D E N T I A L STATE 270017

C O R R E C T E D COPY (PARA 4, LINE 4 OMITTED)

E.O. 11652: GDS

TAGS: EPAP, EAGR, ETRD, AS

SUBJECT: US-AUSTRALIAN MEAT TRADE

REF: CANBERRA 7480, STATE 261723

1. SUMMARY. AFTER EXAMINING AUSTRALIAN PROPOSALS FOR TREATMENT OF STATISTICAL DISCREPANCY FROM STANDPOINT OF LEGALITY, EQUITY FOR OTHER PARTICIPANTS AND OPERATIONAL PRACTICALITY, DEPARTMENT AND USDA OFFICIALS MET WITH AUSTRALIAN EMBASSY REPS (SMITH, THOMPSON AND O'HANLON) ON NOVEMBER 13 TO INSIST THAT EITHER GOA ACT TO LIMIT MEAT ENTERING THE US TO THE RESTRAINT LEVEL OR THAT USG WOULD BE FORCED TO DO SO UNDER SECTION 204 OF AGRICULTURE ACT. AUSTRALIANS OFFERED NO NEW PROPOSALS. CONSEQUENTLY, WE EXPECT TO ACT ON NOVEMBER 14. OUR BEST ESTIMATE IS THAT IMMEDIATE 204 ACTION MAY RESULT IN AUSTRALIA'S EXCEEDING VR LEVEL BY UP TO 4.8 MILLION POUNDS. END SUMMARY.

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2. AUSTRALIANS FIRST PROPOSED THAT WE ACCEPT ENTIRE 65.4

MILLION POUND DISCREPANCY AND ADJUST OUR ESTIMATES ACCORDINGLY. ON NOVEMBER 8 AUSTRALIANS SUGGESTED WE USE US

"IMPORTATION DATA", I.E. DATE SHIP ENTERS US PORT WATERS AS REASONABLE COMPROMISE. THIS PROPOSAL WOULD HAVE REDUCED JANUARY STATISTICS BY ABOUT 34.4 MILLION POUNDS. WE ARE UNABLE TO ACCEPT EITHER PROPOSAL FOR THE SAME REASONS, NAMELY, WE ARE OBLIGED TO USE OUR FORMAL DEFINITION FOR ENTRY (WHICH IS ALSO USED IN AUSTRALIA), ACCEPTING THEM WOULD ENTAIL PROBLEMS OF EQUITY WITH OTHER PARTICIPANTS, WOULD ENTAIL SIGNIFICANT OPERATIONAL PROBLEMS OF VERIFICATION AND ASSEMBLY OF STATISTICS, WOULD OPEN US TO DOMESTIC CHARGES OF MISMANAGING THE PROGRAM, AND WOULD PUT US OVER THE TRIGGER LEVEL, BRINGING ABOUT MORE RESTRICTIVE QUOTAS UNDER THE MEAT IMPORT ACT.

3. ON NOVEMBER 13 WE AGAIN INFORMED THE AUSTRALIANS OF OUR POSITION, ADDING THE FOLLOWING OBSERVATIONS:

A) THE PROBLEM HAD BEEN DISCUSSED IN CONNECTION WITH PREVIOUS YEARS' PROGRAMS AND SEVERAL TIMES DURING EARLY 1975, AND OUR POSITION THAT MEAT ENTERED THROUGH CUSTOMS FORMED THE BASES FOR IMPORTS UNDER THE RESTRAINT PROGRAM HAD BEEN STATED ON EACH OF THESE OCCASIONS;

B) IT APPEARED THAT THE AUSTRALIAN MEAT BOARD HAD NOT BEEN PRUDENT IN THEIR ADMINISTRATION OF THE PROGRAM, ESPECIALLY AS NO OTHER EXPORTER WAS IN A COMPARABLE POSITION. WE ASSUMED THE AUSTRALIAN GOVERNMENT WAS NOT FULLY AWARE OF THE CONSEQUENCES OF MEAT BOARD ACTIONS UNTIL RECENTLY AND WERE SURE OUR IMPORTERS WERE NOT;

C) THIS PROBLEM RAISED SOME QUESTION ABOUT THE VIABILITY OF THE VOLUNTARY RESTRAINT SYSTEM.

4. THE AUSTRALIANS REPLIED THAT PRECISELY GAUGING SHIPMENTS WAS DIFFICULT, BUT THEY FELT THAT BOTH THE AUSTRALIAN MEAT BOARD AND GOVERNMENT OF AUSTRALIA HAD MADE THEIR BEST EFFORTS. THE AUSTRALIANS EXPRESSED CONCERN ABOUT THE CONFIDENTIAL

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RELIABILITY OF US CENSUS STATISTICS, AND ADDED THEY WERE INSTRUCTED TO EXPRESS DISSATISFACTION ABOUT OUR PROVIDING STATISTICS AS STIPULATED IN THE AGREEMENT. IT WAS EVIDENT THAT THERE IS A BASIC DIFFERENCE ABOUT THE MEANING OF PARAGRAPH 2 OF THE AGREEMENT.

5. USG REPLIED THAT LEGALLY WE COULD SEE NO BASIS FOR

ACCEPTING THE AUSTRALIAN PROPOSAL, AND DOMESTIC INTERESTS WERE WATCHING TO ASSURE THAT THE RESTRAINT AGREEMENTS WERE EXECUTED CAREFULLY. WE COULD NOT JUSTIFY SUCH A DECISION TO OTHER PROGRAM PARTICIPANTS, SEVERAL OF WHOM

HAD ASKED FOR INCREASED ALLOCATIONS. AT THIS POINT, WE INFORMED AUSTRALIANS THAT WE HAD NO CHOICE BUT TO INITIATE ACTION UNDER SECTION 204.

6. FYI. AMBASSADOR SHAW IS CALLING ON DEPUTY SECRETARY TOMORROW (NOV. 14) TO DISCUSS MEAT ISSUE. NO FORMAL ACTION WILL BE TAKEN UNTIL AFTER THIS MEETING. END FYI.

7. PRESENT STATUS OF MEAT IMPORTS FROM AUSTRALIA IS AS FOLLOWS:

CUSTOMS DATA, AS OF NOV. 11 . . 604.3 MILLION POUNDS
IMMEDIATE DELIVERY CERTIFICATES
OUTSTANDING 13.0 MILLION POUNDS
ESTIMATED CARGO OF SHIPS NOW
UNLOADING 28.1 MILLION POUNDS
(INCLUDES GUAVACO, REYA MARU,
PEROLA, GUDRUN BAKKE, AND
COLUMBUS CAPRICORN)

TOTAL 645.4 MILLION POUNDS

A PORTION OF THE LOADS OF THE SHIPS NOW DISCHARGING MAY NOT BE PERMITTED ENTRY, SINCE MOST HAVE PLANS TO STOP AT ADDITIONAL PORTS. HOWEVER, THEY MAY UNLOAD EVERYTHING THEY HAVE AT FIRST PORT OF CALL IN ANTICIPATION OF QUOTA IMPOSITION.

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0. IN RESPONSE TO QUESTIONS EMBASSY MAY SAY IT APPEARS THERE IS SERIOUS LIKELIHOOD THAT AUSTRALIAN SHIPMENTS OF MEAT MAY EXCEED THE VOLUNTARY RESTRAINT LEVEL AGREED UPON AND THAT THIS ISSUE IS UNDER ACTIVE DISCUSSION BETWEEN THE TWO GOVERNMENTS. A DECISION ON THE ACTION TO BE TAKEN TO AVOID THIS EVENT IS EXPECTED TO BE ANNOUNCED SHORTLY. DEPARTMENT WILL NOTIFY EMBASSY WHEN DECISION IS ANNOUNCED AND PROVIDE FURTHER GUIDANCE.

9. FOR WELLINGTON. EMBASSY IS REQUESTED NOT TO DISCUSS SUBSTANCE OF THIS ISSUE OR SPECULATE UPON EFFECT ON POSSIBLE ADDITIONAL SHORTFALL ALLOCATION UNTIL GUIDANCE IS RECEIVED. KISSINGER

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